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FISCAL IMPACT STATEMENT

LS 6150

BILL NUMBER: HB 1126

NOTE PREPARED: Nov 18, 2012

BILL AMENDED:

SUBJECT: Highway Funding.

FIRST AUTHOR: Rep. Saunders

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill removes the requirement that one-half of the amount appropriated for the State Police Department be deducted from the Motor Vehicle Highway Account (MVH) before making the statutory allocation to cities, towns, counties, and the Indiana Department of Transportation (INDOT).

Effective Date: July 1, 2013.

Explanation of State Expenditures: *Summary:* The removal of net State Police expenses results in a 67% decrease (in FY 2012) of expenses paid out of the MVH. As a result, in FY 2012, there would be \$90.5 M in additional MVH funding for the Indiana Department of Transportation (INDOT), counties, and cities and towns. This represents a combined increase of MVH distributions of 16%. The bill would shift the burden of payment for net State Police costs currently billed to the MVH to the state General Fund in the amount of \$90.5 M. After accounting for the additional funding for INDOT, the net impact to state funds is a negative \$42.5 M.

Background Information: The Auditor of State each month makes MVH distributions to INDOT, counties, and cities and towns. Total distributions out of the MVH in FY 2012 were \$552 M. The MVH is funded through a combination of revenue sources including portions of the Gasoline Tax, Special Fuel Tax, Motor Carrier Fuel Use Tax/Surtax, Vehicle Registration, Title Fees, and other smaller sources of revenue.

Each month, a variety of “off the top” expenses are paid out of the MVH by the Auditor of State prior to making the distributions to INDOT, counties, and cities and towns. Per current law, these include one-half of the amount appropriated for the State Police, traffic safety program expenses, as well as expenses incurred in the collection of MVH revenues. Specifically, these collection expenses include the Department of State

Revenue fuel tax collection expenses, BMV expenses (not including license branch expenses but including license plate production expense), and various other small related expenses.

Gross State Police expenses are offset by a variety of reimbursements including federal grants, existing General Fund reimbursements, Motor Carrier Fund reimbursement, Toll Road reimbursement, and Gaming Commission reimbursements. These reimbursements are included in the table below in order to demonstrate the difference between the gross and net State Police expenses.

For the purposes of this bill, the net State Police expense only is considered and shifted to the state General Fund. Additionally, in recent years the MVH has paid for more than one-half of the appropriated amount for the State Police, as required in the biennial budget bills. Therefore, the actual amounts paid out of the MVH are used. The table below outlines the effect of the bill.

Expenses Paid out of Motor Vehicle Highway Account in 2012	
State Police Expenses	
Administrative	\$127.9 M
Pension	\$12.2 M
Supplemental Pension	\$3.7 M
Benefits	\$4.2 M
Enforcement Aid	\$0.03 M
Forensic & Health Science Laboratory	\$10.4 M
Gross State Police Expense	\$158.4 M
Less: General Fund Reimbursement	\$56.4 M
Motor Carrier Fund Reimbursement	\$4.5 M
Toll Road Reimbursement	\$6.9 M
Federal and Quasi State Agency Reimbursements	\$0.1 M
Gaming Commission Reimbursement	\$0
Grant Reimbursements	\$0
Miscellaneous Reimbursements	\$0
Net State Police Expense	\$90.5 M
Other Fund Expenses	
Bureau of Motor Vehicles	\$33.4 M
Dept. of Revenue - Motor Fuel Tax Division	\$9.9 M
Traffic Safety	\$0.6 M
Traffic Safety Education	\$0.2 M
Highway Safety Plan	\$0
State Trauma Registry	\$0
Audit Cost	\$0
Railroad Crossing Improvement	\$0.07 M
Dealer Compliance	\$0
Total Other Fund Expenses	\$44.2 M
Total Net Fund Expenses	\$134.7 M
Less: Net State Police Expense	(\$90.5 M)
Total Revised Net Fund Expenses	\$44.2 M
Additional MVH Funding Available	\$90.5 M
Shift to General Fund	(\$90.5 M)
Increased funding for INDOT	\$48.0 M
Impacted State Funds	(\$42.5 M)

Explanation of State Revenues: Based on the proposal, INDOT would have received an additional \$48 M in MVH funding in FY 2012, representing a 17% increase over the actual amount distributed.

Proposed Changes to 2012 MVH Distributions			
	2012 Actual Distributions	Proposed Additional Distributions	% Increase in Funding
INDOT	\$278.9 M	\$48.0 M	17%
Counties	\$185.8 M	\$29.0 M	16%
<u>Cities/Towns</u>	<u>\$87.4 M</u>	<u>\$13.5 M</u>	<u>16%</u>
TOTAL	\$552.1 M	\$90.5 M	16%

Explanation of Local Expenditures:

Explanation of Local Revenues: Based on the proposal, in FY 2012, counties would have received an additional \$29.0 M in MVH funding, and cities and towns would have received an additional \$13.5 M in MVH funding, representing a 16% increase in funding over the actual amount distributed in FY 2012.

State Agencies Affected: Indiana State Police, Indiana Department of Transportation, Indiana Auditor of State.

Local Agencies Affected: Counties; Cities and Towns.

Information Sources: *Indiana Handbook of Taxes, Revenues, and Appropriations (2010-2012)*; Dan Bastin, Indiana Auditor of State Office, dbastin@auditor.in.gov.

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